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Markets Update

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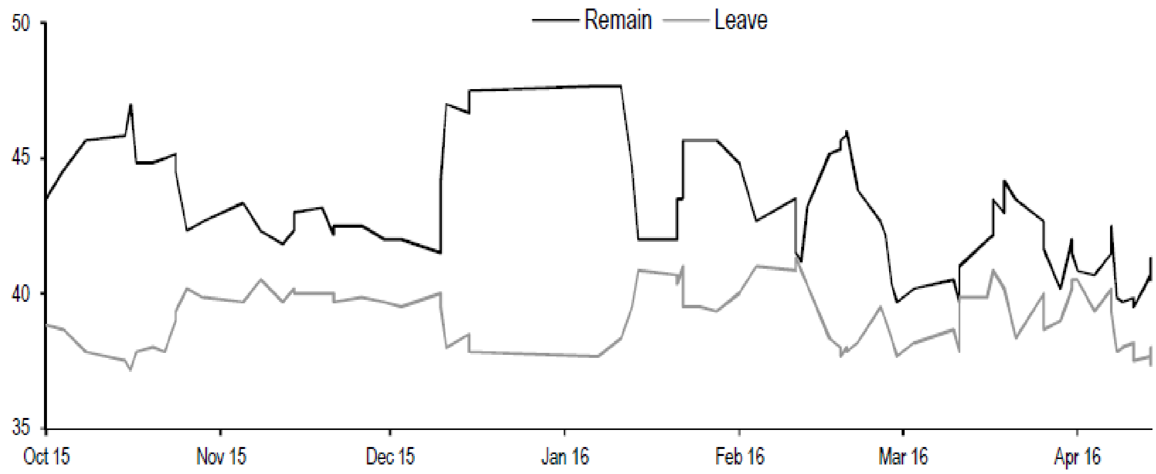
28th April 2016

- **What could Brexit mean?**
  - Global stock markets had a poor start to the year driven in part by uncertainty whether it is oil prices, global growth or more recently, the impending Brexit vote.
  - The probability of a vote to leave recently rose to almost 50/50 but we believe, on balance, the UK will vote to stay for the following reasons:
    - It would be very expensive for the UK to leave
    - It would have negative consequences for the UK (and EU) economy
    - It could take up to 10 years for the UK to negotiate trade terms with other countries. Barack Obama made special mention of this on his recent visit to the UK where he was urging the UK to vote to stay
    - If the UK exit the EU, Scotland and Wales may potentially pursue leaving the UK
  - Brexit would increase market uncertainty, which would impact global investor confidence
- **How likely is Brexit to happen?**
  - With global growth slowing and UK growth slowing, the Yes vote has weakened
  - The economic reality of Brexit appears to be weighing more on voters' minds than the political or philosophical arguments for leaving
  - On balance, we think the vote will be tight, as was the case with the Scottish vote for independence, but ultimately a no vote will be carried with potentially some concessions from the EU on specific issues raised by the Yes campaign.



Source: Survation, ICM, ComRes, Ipsos MORI, YouGov, Panelbase, TNS, BMG Research, ORB, Opinium, J.P. Morgan